

The Washington Merry-Go-Round

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B11

Release of Pueblo Crew May Be Near

**By Drew Pearson
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It's not entirely nailed down, but it looks as if an agreement to release the 82 crewmen of the USS Pueblo might be just around the corner.

Negotiations have been progressing by which North Korea would release the men in return for some kind of an American apology, and there has been a lot of diplomatic haggling over the wording of the apology.

The United States has never admitted that the Pueblo was in North Korean waters, and at first was convinced that it was not. However, the commander of the vessel and members of the crew, having given public statements to the contrary, the Defense Department is willing to concede that its original information could have been wrong.

Mother-in-Law Worries

The more you look into the record of shipping magnate Aristotle Onassis, the better you can understand why the Kennedy family is privately upset. Rose Kennedy, Jackie's mother-in-law, is the most upset, but none of the family is enthusiastic.

The chief blot on Onassis's record dates back to a phony shipping deal in which he purchased American ships and then placed them under foreign registry, which was clearly against the law. For

this he was criminally indicted and only managed to get out of the indictment through a fortuitous political circumstance.

Onassis put the deal across by involving some important Americans as window dressing, namely Admiral "Bull" Halsey, hero of the Pacific; former Rep. Joe Casey of Massachusetts; the late Edward Stettinius, former Secretary of State; and the late Brig. Gen. Julius Holmes, former head aide to Gen. Eisenhower in North Africa and a career ambassador. Holmes was also the son-in-law of the late Gov. Henry Allen of Kansas.

With this glittering American front, Onassis maneuvered to secure 14 U.S.-built ships. The Truman Administration investigated, and the Eisenhower Administration inherited the probe. The latter indicted both Onassis and some of his American partners on the criminal charge of conspiring to deceive and defraud the United States. At that time Herbert Brownell was Attorney General. This was what eventually got Onassis off the criminal hook.

For it so happened that Brownell, when a senior partner of the law firm of Lord, Day and Lord, had been Onassis's attorney and had advised him that it was legal for him to set up these dummy corporations.

However, the Justice Department later, when Brownell was boss, ruled to the con-

trary, that this was a criminal offense. It's probable that Brownell did not know what his vigilant Assistant Attorney General Warren Olney III, then chief of the Criminal Division, was up to, but it is doubtful that Olney would have been deterred in any event. Olney had served as chief of the California Crime Commission under Gov. Earl Warren and was not deterred easily.

At any rate, to get out of the embarrassment in which both Attorney General Brownell and Onassis found themselves, a compromise was arranged by which Onassis paid \$7 million to Uncle Sam instead of standing trial. Onassis described it as a "ransom."

Tax-Free Fleet

Onassis has operated one of the largest tanker fleets in the world through a Panamanian corporation, the Olympic Line. He also has a fleet of dry-cargo vessels under the Panamanian flag, plus another fleet under the Honduran flag and one or two ships under the Norwegian flag.

Onassis himself has long been an Argentine resident and as such escaped paying personal taxes either in Greece or New York. Furthermore, dollars owed under the Panamanian flag are almost 100 per cent tax free and can be sent anywhere in the allied world. In contrast, dollars earned by American flagships are subject to a 38 per cent

corporation tax payable in the years earned.

Of course Onassis is not alone in taking advantage of the Panamanian tax dodge. The worst offender in using foreign flagships is Standard Oil of New Jersey, a Rockefeller corporation which operates approximately 118 tankers under foreign flags. This is done through 17 foreign subsidiaries wholly owned or controlled by Standard Oil of New Jersey.

But part of Onassis's shipping combine is Victory Carriers Inc., controlled by his two children and his first wife. The two children were born in New York and are American citizens and even though minors own the Victory Carriers corporation. Their stock, however, has been controlled by the Grace National Bank as trustee.

The corporation undertook to build four tankers to be added to the U.S. merchant fleet as part of the deal Onassis worked out with the Eisenhower Administration. The U.S. Government put up \$28 million of mortgage money to help build two of the tankers, the S.S. Monticello Victory and the S.S. Montpelier Victory, both delivered to Onassis in the early 1960s. He had great difficulty, however, putting up the required working capital to operate the vessels and this has been under intermittent fire in the Maritime Commission.

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